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# A FOLLOW-UP STUDY OF THE 1980 ENDICOTT REPORT

In November, 1979, in the Thirty-fourth Annual Northwestern Endicott Report, 170 major industrial concerns indicated plans for hiring college and university graduates from 1980 classes. Almost all of these companies send recruiters to college campuses to interview graduating seniors.

It is the purpose of this study to get new estimates of 1980 hirings and to inquire concerning recent experience and business outlook among responding corporations. Another purpose is to examine some important problems relating to college recruiting.

Inquiry forms were sent to those companies most actively engaged in hiring college graduates as reported in November. A total of 120 companies supplied information.

These companies plan to employ an average of about 170 college graduates each from 1980 classes. At current salaries, this is an investment of more than three million dollars per company for the first year.

## Business Trends and Outlook as Reported by 120 Corporations

Responses by these companies regarding business trends are especially important at a time when there is much talk about economic uncertainties and the likelihood of a recession. Company responses are summarized below:

In November, 1979, looking toward 1980, company predictions were as follows: Business will: Not be as good as 1979 - 25% Better than 1979 - 31% About the same - 44%.

In May, 1980, 30% had experienced a downtrend since January first. Improvement was reported by 24%. About the same - 46%.

For the remainder of 1980, a business downtrend is expected by 34% of the companies. Improvement is expected by 27% and for 39%, the outlook is about the same.

In the past, predictions by these companies have been surprisingly accurate, probably because they are based on careful corporate review of the business outlook as it relates to investment in new college graduates. For example, in November, 1978, only 10% of the reporting companies expected a downtrend in 1979. This figure was confirmed the following May. It seemed apparent that no serious recession was expected in 1979. There was no serious recession in 1979. Now, in May, 1980, although about one-third of these companies expect a downtrend, the remaining two-thirds do not. In fact, more than one-fourth expect improvement. For our nation's major corporations, therefore, there may be some optimism regarding the year ahead.

Plans for Hiring 1980 Graduates

For the follow-up analysis of hiring plans, each company was sent a tabulation of its own November estimates and asked to revise them in terms of the number of graduates the company WILL HIRE from 1980 classes. It was expected that changes in the business outlook would be reflected. The results are very interesting.

| Bachelor's Degree | Estimate, November 1979 | Revised Estimate, May, 1980 | Percent Change |
|---|---|---|---|
| Engineering, Science and Other Tech. | 6892 | 7224 | Up 5% |
| Accounting and Business Administration | 5920 | 5652 | Down 5% |
| Computer Science | 1274 | 1459 | Up 15% |
| Sales and Marketing | 1678 | 1739 | Up 4% |
| Liberal Arts and Other Non-tech. | 1752 | 1324 | Down 24% |
| TOTAL BACHELOR'S DEGREE | 17516 | 17398 | Down 1% |
| Master's Degree | | | |
| Engineering, Science and Other Tech. | 1293 | 1592 | Up 23% |
| Accounting and Business Administration | 1913 | 1894 | Down 1% |
| Liberal Arts and Other Non-tech. | 57 | 52 | Negligible |
| TOTAL MASTER'S DEGREE | 3263 | 3538 | Up 8% |

| | Bachelor's Degree | Master's Degree |
|---|---|---|
| Total hirings by these companies from 1979 classes | 15,828 | 3,252 |
| Total revised estimates for 1980 classes | 17,398 | 3,538 |
| Increase based on revised estimates | Up 10% | Up 9% |

About 46% of the reporting companies reduced the total number of graduates to be hired as estimated in November. In fields such as engineering and computer science, these reductions were more than offset by the increases reported by about 25% of the companies. In spite of uncertain business conditions, there is an increased need for engineers and graduates in computer science. Also, the total number of graduates from 1980 classes to be hired by these companies will be greater than the number hired in 1979.

The Effect of Inflation on Hiring College Graduates

The question was, "Will continued high inflation significantly affect the hiring of college graduates by your company?"

Response: YES - 51% of the companies NO - 49%.

YES: Illustrative comments - "Expenses will continue to soar and one area of cutting expenses is employment." "High inflation causes salary compression which results in high turnover." "Added costs are automatic because we have a cost-of-living allowance." "Sales will be down. Therefore, fewer positions will be available." "High interest rates make it difficult to get loans to buy autos. Also, high cost of gasoline causes people to drive less. Result: tires last longer."

NO: Illustrative comments - "Engineers are essential in our company. We must hire them." "We need entry level people and we are forced to be competitive." "Although we will try to increase productivity, it is necessary to continue hiring college graduates to remain competitive and replace attrition." "We have a career development program with two years of preparation before permanent assignment. Current inflation has little effect." "Little or no effect thus far in U.S. hiring. Extremely high inflation in many countries in which we operate has not had an impact on our hiring abroad."

The Role of Government Agencies

Respondents were asked if government regulations have had a significant effect on the hiring process for college graduates.

Response: YES - 62% of the companies NO - 38%.

Although many employers reported that the effect was generally positive, a somewhat larger number were doubtful.

Those who considered the effect of government regulations positive most often mentioned an expanded opportunity for women and members of minority groups. Also noted was a greater awareness by management of the need for improved hiring policies and a better understanding of personnel problems.

Those who reported a negative effect mentioned the great increase in "paper work" and the sometimes confusing and unrealistic equal opportunity requirements. Also noted were difficulties in finding, employing, and retaining qualified minorities.

Illustrative comments: "More minorities are in upper level positions but we are still behind in these efforts." "As with all government involvement, too much paper work!" "Has helped increase management attention to the function of the personnel department." "Costly effort to find black students with minimal results." "Employers have been forced to do what should have been done without government intervention." "Effect has been much greater for other types of hires - blue collar." "We haven't yet learned to deal with the additional turnover resulting from our effort to diversify the professional workforce." "Personnel types find that E E O laws give them more power. Managers feel they are being told whom to hire."

The Problem of a Possible Decrease in College Enrollments

Fewer high school students may mean fewer college graduates. Companies were asked if they are considering this problem.

Response: YES - 53% NO - 47%

The companies were also asked what is likely to be done. Answers are summarized below in order of frequency of mention:

Improve training programs - Special training for non-college people
Intensify recruiting effort - Increase recruiting staff
Contact more schools - Select schools likely to grow
More intern and cooperative programs
Contact selected high schools - A high school public relations program
Expand college relations programs - Improve company image on campus
Hire more housewives and others returning to the work force
Greater effort to get minorities to take technical courses
Special programs to attract women and minorities
Redesign job requirements to make better use of present employees
Hire more graduates of two-year technical programs
Employ more liberal arts graduates
Hire more experienced candidates
Greater utilization of older workers
Offer more scholarships
Increase starting salaries
Emphasize quality over numbers

Selected Comments:

"It is possible that the supply of graduates will be higher due to more people returning to the work force and more minorities going to college."

"Increased mechanization and sophistication to handle larger volume with the same number or fewer people. Also, redefinition of jobs and levels of skill with increased in-house capacity to develop and train for same."

"We may begin scouting high schools for technically oriented, bright seniors with the intent of keeping in touch with them throughout their college years. This may increase our chances of recruiting them when they graduate."

"We have stepped up our college recruiting activity, reinstated cooperative education programs, and will institute a summer intern program."

"We are establishing a Computer Science Institute which will enable us to employ non-technical and non-traditional new graduates as entrance trainees."

"We are currently looking at alternative sources and different staffing models."

"Applications far exceed our needs and fewer college graduates will not affect us."

"We believe that supply and demand will encourage enough students to go into engineering and other marketable areas."

Cooperative Relations Between Industry and Colleges

It is agreed that understanding and cooperative relationships between industry and the colleges is important. Companies participating in the study were asked if any steps have been taken in recent years, beyond what has been normal practice, to improve these relationships.

Response: YES - 75% NO - 25%.

Companies were also asked to explain what has been done. Here are their responses in order of frequency of mention:

Increased financial support, scholarships, grants, matching gifts
Management and technical personnel as campus speakers
Greater participation in career days and career fairs
Company sponsored seminars and forums for students and faculty
More direct contact with faculty - campus visits by managers
Company visits by placement officers, faculty members, and deans - tours for students
Expanded cooperative and intern programs
Faculty employed as consultants
More active participation in professional organizations and placement associations
Redesigned printed materials for campus use
Assigned managers to work with certain schools - alumni work with own school
Top management more involved in college relations

Selected Statements with Comments Regarding Helpfulness:

"We hold dinners with key faculty members and top management." (Much higher acceptance rates at these schools)

"Seminars conducted by our senior managers and visits by placement officers" (Better screening and more referrals from placement officers)

"Mini career fairs to acquaint placement directors with our needs" (More and more placement officers are allowing us to pre-screen)

"Scholarships, fellowships, internships, faculty forums, more on-campus speaking, student forums, active in more career days, and more professional development funds given to colleges and universities without restrictions." (All of these steps are helpful)

"President, Chairman and Technical Management do more college speaking. We are hiring more summer interns. We are keeping technical co-op programs alive and more meaningful." (More hires and improved calibre of candidates)

"Annual faculty conference, speakers bureau, faculty as part-time consultants" (Faculty contacts are the lifeblood of our college recruiting)

IT IS IMPORTANT TO EXPRESS APPRECIATION TO THE PERSONNEL EXECUTIVES WHO SUPPLIED INFORMATION FOR THIS REPORT. It is hoped that the findings will be helpful.

Frank S. Endicott
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